Point Foundation
Strategy Project

Board of Directors Discussion

May 29, 1991

Stanford University Graduate School of Business
Alumni Consulting Team

Background and organization

- Purpose of tonight's presentation is to discuss the approach for the strategic study which the Stanford Alumni Consulting Team (ACT) is undertaking for Point.
  - Need Board input and guidance

- Project Team are Graduate School of Business (GSB) alumni volunteered for this effort based upon project description developed by Point and ACT.

- Project Team has eight members (plus an ACT coordinator); most of whom have modest familiarity with Point/WER

  - Jack Ladd — Head of independent magazine operations consulting firm; extensive industry experience
  - Bill Musick: — ex-Wells Fargo manager for systems operations
  - Pam Seidenman — PhD. student in organizational behavior at GSB
  - Marge Bushman — Printing consultant, former marketing and publishing executive
  - Sparky Campanella — ex-high tech marketing executive, starting magazine
  - Jim Gregory — Independent consultant; ex-manager of MIS for BofA capital markets trading
  - Bill Pryor — Head of medical equipment leasing firm
  - Charles Cagnon — Pacific Telesis Group corporate strategy
  - Seth Fearey (ACT Coordinator) — Technical Planning, Hewlett Packard

- Project began in late April with meeting at Whole Earth and is fully underway
  - The work should take the bulk of the summer

- Project is proceeding with active involvement of Point staff
  - Effort thus far seems to be proceeding well

The project team is using a hypothesis-driven approach based upon a modified methodology suggested to ACT by alumni management consultants.

NOW — Clarify basic issues

- Inclusive of issues, rather than exclusive
- Internal discussions with staff
- Team discussions

NOW — Review background facts

- Understand organizational structure, operations and mission
- Preliminary analyses

JUNE — Form hypothesis

- Hypothesize key issue facing organization
- Articulate possible solution
- Agree with Point on project scope
- Develop work plan to test hypothesis

SUMMER — Analyze facts testing hypothesis

Analyses include:

- Trend analysis
- Customer analysis: surveys
- Internal interviews
- Analysis of models/ substitutes
- Modify hypothesis as necessary

LATE SUMMER — Review analysis; draw conclusions

- What the basic facts tell us
- Identify options and challenges

LATE SUMMER — Socialize findings and implement

- What feels right to do next?
- Sensitive issues
- Roles
- Investment

○ Selling ed'l capability get more funds

The key challenges described to ACT were desires to build upon Point's organizational strengths so as to result in more impact and more financial rewards. A broad range of other issues emerged as well.

Organizational Strengths

- Competence and originality
- Positive reputation for thought leadership
- Well established - help or hinder
- Tremendous repository of wisdom and relationships
- Potential to leverage WELL, other products

Issues Discussed with ACT

- Impact: desire to feel that efforts are worthwhile
  - Influence thought leaders
  - 25,000 subscribers
- Finance/compensation: Level, mix (salary vs. benefits), stability
- Sales and promotion effectiveness
- Organizational effectiveness
- Preserve values

Questions

- Is the key issue one of efficiency or of scale?
- Should we act as if serving "customers'" needs?
- Are the product(s) right?
- Is primary focus on emerging trends or should we have enduring concentrations?
- Is the opportunity large enough?
- Must we compromise to meet objectives? ?

Project Team must narrow the focus from a large number of issues to the areas of highest potential value.

Need Board input into:
- Mission of Point;
- Key issues facing the organization;
- Strengths we want to leverage or build up.

From these issues the Team developed a preliminary hypothesis and subtending elements to analyze.

A sharper understanding of need/opportunity combined with product line and sales changes will lead to growth that will satisfy objectives of impact and income.

FINANCE: Trends and goals

- Understand economics and operating trends of the four product lines
  - must understand economic synergies
- Estimate financial goals according to compensation needs and for improved impact
- Estimate funding levels required for new projects

MISSION: Where to have impact

- What areas do we want to have an important impact on?
- With whom?
- What needs do we observe and want to satisfy?
- What are we best suited to provide?
- What are the key values that we must observe?

CUSTOMER: Definition and needs

- Describe customer and understand their needs
- How do they think we can help them?
- How well do they think our products deliver the intended benefits?
- Customers' alternative sources of information
- How large is the opportunity?

PRODUCTS: Strategy

- What do we want to produce?
- How do we want our products to relate to one another?
- What subjects are we covering?
- How good do we think our products are?
  - Are there any models of admirable products we can learn from?

PROMOTION AND SALES: Methods

- How do we promote our efforts?
- How well does this work compared to how other organizations we respect do it?
- What are our options?

Current efforts follow the previous outline.

Financials:	• Understanding profitability and sales trends • Analyzing product line cost overlaps • Estimating financial requirements to meet goals (compensation, impact levels) • Jack Ladd can contribute with his publishing financial model
Mission and impact:	• Interviewing staff and Board • Bill Musick, Pam Seidenman, Bill Pryor
Customer:	• Collecting data on who reads the magazine, who buys the books, who goes to the conferences, who subscribes to the WELL • Collecting data on customer attitudes and potential market size • Preliminary telephone survey by the Team • Jack Ladd, Sparky Campanella, Jim Gregory
Product:	• Understanding editorial patterns and objectives • Strengths and weaknesses of product and production methods • Identifying competition and estimate potential market size from their volumes • Analyzing what has been covered historically: cover stories, feature articles, product reviews: • Marge Bushman
Promotion and Sales	• Comparing methods with best industry practices • Analyzing distribution • Jack Ladd, Sparky Campanella, Jim Gregory

Team will come back to Point with a more focused project approach in June that incorporates our understanding of the issues and where we think we can make the largest contribution.